

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7857**

**BILL NUMBER:** HB 1828

**NOTE PREPARED:** Feb 24, 2005

**BILL AMENDED:**

**SUBJECT:** Charitable Donations.

**FIRST AUTHOR:** Rep. Austin

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill increases the number of charitable purposes to which an individual may choose to give all or part of the individual's income tax refund. The bill establishes the Refund Contributions Trust Fund under the administration of the Budget Agency. It makes a continuing appropriation of the money held in the Refund Contributions Trust Fund.

**Effective Date:** January 1, 2006.

**Explanation of State Expenditures:** *Refund Contributions Trust Fund:* This bill creates the Refund Contributions Trust Fund. The purpose of the Fund is to receive, hold, and disburse money as a fiduciary. The Budget Agency shall administer the Fund. The Fund consists of: (1) grants, gifts, and donations intended for deposit in the Fund, including payments from income tax refunds, (2) appropriations, and (3) interest that accrues from money in the Fund. Money in the Fund does not revert to the state General Fund at the end of the state fiscal year.

There are 6 accounts established within the fund: (1) the Child Abuse Prevention Account, (2) the Alzheimer's Research Account, (3) the Military Family Relief Account, (4) the Transitional Housing Assistance Account, (5) the Pediatric Cancer Research Account, and (6) the Adult Cancer Research Account. The State Budget Agency shall make grants from the aforementioned accounts.

*State Income Tax Check-Off:* The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Refund Contributions Trust Fund. The bill also requires the DOR to include a written

description of the purposes and uses of the Fund in the instructions for the individual income tax return. The check-off would begin in tax year 2006. The expenses relating to these changes presumably could be absorbed given the DOR's existing budget and resources.

*Budget Agency:* The bill requires the Budget Agency to make grants available from the accounts established within the Refund Contributions Trust Fund. The fiscal impact of this bill, as well as the procedures for administering the grants will be dependent upon administrative actions taken by the State Budget Agency. The Budget Agency does not have the in-house expertise or resources to administer grants, so either additional staff may be needed, or the Budget Agency may contract for administration of the grants. Ultimately, the source of funds and resources required for administration of the grants will depend upon legislative and administrative actions.

**Explanation of State Revenues:** *State Income Tax Check-Off:* The bill establishes a check-off for income tax refunds to be designated to the Refund Contributions Trust Fund. The check-off applies beginning in tax year 2006. Thus, the Fund could potentially receive tax refund money for the first time in FY 2007. The number of taxpayers with refunds that may select the Refund Contributions Trust Fund check-off and the amounts such taxpayers may direct to the check-off is indeterminable. However, it could potentially reduce the amount that would otherwise be designated by taxpayers for the Indiana Nongame and Endangered Wildlife Fund. This is the only income tax refund check-off that exists under current statute. The check-off for the Nongame and Endangered Wildlife Fund generated \$407,162 from 33,107 filers in tax year 2002. This is an average of \$12.30 per filer selecting the check-off.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue; State Budget Agency.

**Local Agencies Affected:**

**Information Sources:** OFMA Income Tax database, 2002; Bob Lain, State Budget Agency, (317) 232-3471.

**Fiscal Analyst:** Sarah Brooks, 317-232-9559.